

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20999]

National Express Corporation—Intra-Corporate Family Transaction Exemption

National Express Corporation (NEC), a noncarrier, has filed a verified notice of exemption under the Board's class exemption procedures at 49 CFR 1182.9.<sup>1</sup> The exempt transaction involves the corporate restructuring of NEC's student transportation division, which, in addition to providing exempt school bus services, also provides charter passenger carrier services to the public.<sup>2</sup>

Under the transaction, NEC, a Delaware corporation merged certain directly and indirectly controlled subsidiaries into a single Delaware limited partnership, Durham School Services, L.P. (DSSLP), a motor passenger carrier. As part of the reorganization, Durham Transportation, Inc., a California corporation (DTI CA) was re-incorporated as Durham

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<sup>1</sup> The Board exempted intra-corporate family transactions of motor carriers of passengers that do not result in significant operational changes, adverse changes in service levels, or a change in the competitive balance with carriers outside the corporate family in Class Exemption for Motor Passenger Intra-Corporate Family Transactions, STB Finance Docket No. 33685 (STB served Feb. 18, 2000).

<sup>2</sup> The Board previously exempted the acquisition of control of five motor passenger carriers by National Express Group plc, NEC's parent, and NEC in National Express Group plc, et al.—Control Exemption—School Services and Leasing, Inc., et al., STB Docket No. MC-F-20968 (STB served Aug. 28, 2000).

Transportation, Inc., a Delaware corporation (DTI DE), through the incorporation of DTI DE in Delaware and the merger of DTI CA into DTI DE. NEC assigned shares of DTI DE to Durham Holding I, L.L.C. (Durham Holding I), a noncarrier and a limited partner of DSSLP, in exchange for the sole membership interest in Durham Holding I, and it assigned the remaining shares of DTI DE to Durham Holding II, L.L.C. (Durham Holding II), a noncarrier and the general manager of DSSLP, in exchange for the sole membership interest in Durham Holding II. DTI DE was converted into Durham School Services, L.P. (DSSLP), a Delaware limited partnership with Durham Holding I and Durham II as its limited and general partner, respectively. NEC merged its second-tier subsidiaries, Winkels Transportation Co., School Services and Leasing of Massachusetts, Inc., and Student Bus Services, Inc., into its first tier subsidiaries, Crabtree-Harmon Corporation, Robinson Bus Services, Inc., Educo Transit Company, Kenneth E. Bauman Bus, Inc., School Services and Leasing, Inc., Helweg & Farmer Transportation Co., Inc., and Stock Transportation L.L.C. All of the outstanding shares of the first tier operating subsidiaries were contributed to Newco, a newly formed Delaware corporation. The first-tier operating subsidiaries were merged into Newco and Newco was merged into DSSLP. NEC retains ultimate ownership and control of DSSLP because DSSLP is the sole member of Durham Holding I and Durham Holding II.

The transaction was consummated on or about December 31, 2002.<sup>3</sup>

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<sup>3</sup> NEC states that it completed the transaction without the benefit of transportation counsel. Upon learning that the transaction is subject to the Board's jurisdiction, NEC  
(continued...)

According to NEC, the transaction will provide for certain financial, operational and other efficiencies. As a result of the reorganization, NEC states that it will be able to maximize the value of each of the business segments, position the business segments for strategic alliances and/or growth, and protect intellectual property assets. NEC also states that the reorganization will simplify accounting and accountability for revenue, expenses, and profits of the operations.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1182.9. NEC states that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. NEC also states that, because it directly or indirectly holds all of the stock of the affected entities, no agreement or contract was entered into, except for the corporate documentation and filings required to implement the reorganization. NEC further states that there will be no effect upon employees because all of them will be retained.

If the verified notice contains false or misleading information, the Board shall summarily revoke the exemption and require divestiture. Petitions to revoke the exemption under 49 U.S.C. 13541(d) may be filed at any time. See 49 CFR 1182.9(c).

An original and 10 copies of all pleadings, referring to STB Docket No. MC-F-20999, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC

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<sup>3</sup>(...continued)  
consulted with and retained counsel and then filed this notice of exemption.

20423-0001. In addition, a copy of each pleading must be served on Thomas W. Wilcox, Thompson Hine LLP, 1920 N Street, N.W., Suite 800, Washington, DC 20036.

Board decisions and notices are available on our website at  
“WWW.STB.DOT.GOV.”

Decided: May 23, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary